

APPRAISER INFLUENCE REGULATION

ADD ARTICLE 11 AND SECTION 2785 TO READ:

Article 11. Licensee Ethics.

Sec. 2785. Improper Influence of Real Property Appraisers.

(a) In conformance with Civil Code section 1090.5, real estate licensees engaged in a real estate transaction involving an appraisal shall not improperly influence or attempt to improperly influence the development, reporting, result, or review of a real estate appraisal sought in connection with a mortgage loan. For the purposes of the Real Estate Law, "improper influence" as the term is used in Civil Code section 1090.5, includes but is not limited to:

(1) withholding or threatening to withhold timely payment or partial payment for a completed appraisal report, regardless of whether a sale or financing transaction closes;

(2) withholding or threatening to withhold future business from an appraiser, or demoting or terminating or threatening to demote or terminate an appraiser;

(3) expressly or impliedly promising future business, promotions, or increased compensation for an appraiser;

(4) conditioning the ordering of an appraisal report or the payment of an appraisal fee or salary or bonus on the opinion, conclusion, or valuation to be reached, or on a preliminary value estimate requested from an appraiser;

(5) requesting that an appraiser provide an estimated, predetermined, or desired valuation in an appraisal report prior to the completion of the appraisal report, or requesting that an appraiser provide estimated values or comparable sales at any time prior to the appraiser's completion of an appraisal report;

(6) providing to an appraiser an anticipated, estimated, encouraged, or desired value for a subject property or a proposed or target amount to be loaned to the borrower, except that a copy of the sales contract for purchase transactions may be provided;

(7) requesting the removal of language related to observed physical, functional or economic obsolescence, or adverse property conditions noted in an appraisal report;

(8) providing to an appraiser, appraisal company, or appraisal management company, stock or other financial or non-financial benefits;

(b) Subdivision (a) does not prohibit a person with an interest in a real estate transaction from asking an appraiser to do any of the following:

(1) Consider additional, appropriate property information.

(2) Provide further detail, substantiation, or explanation for the appraiser's value conclusion.

(3) Correct errors in the appraisal report.

(c) Nothing in this section shall be construed to authorize communications that are otherwise prohibited under existing law.

NOTE: Authority cited: Section 10080, Business and Professions Code. Reference: Section 1090.5, Civil Code.